

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

|                                 |   |                 |
|---------------------------------|---|-----------------|
| APPLICATION OF BELLSOUTH        | ) |                 |
| TELECOMMUNICATIONS, INC., D/B/A | ) |                 |
| SOUTH CENTRAL BELL TELEPHONE    | ) | CASE NO. 94-121 |
| COMPANY TO MODIFY ITS METHOD OF | ) |                 |
| REGULATION                      | ) |                 |

O R D E R

This matter arising upon petition of BellSouth Telecommunication, Inc., d/b/a South Central Bell Telephone Company ("South Central Bell"), filed June 6, 1994, pursuant to 807 KAR 5:001, Section 7, for confidential protection of its responses to Item 10, Attachments 1 thru 4, Item 11, Attachment 1, Item 13, Attachment 1, pages 7-11, and Item 68, Attachments 1 thru 5 of the Commission's Order of May 11, 1994 on the grounds that disclosure of the information is likely to cause South Central Bell competitive injury, and it appearing to this Commission as follows:

On May 11, 1994 the Commission ordered South Central Bell to answer a series of data requests relevant to the issues raised by this proceeding. In responding to those data requests, South Central Bell has petitioned that portions of its responses to Items 10, 11, 13, 19, and 68 be protected as confidential on the grounds that disclosure is likely to cause South Central Bell competitive injury.

Item 10 requests projections of South Central Bell's earnings for the present year and each year through 1999. The attachments

to the response reveals South Central Bell's estimate of its future business results.

Item 11 requests a copy of South Central Bell's strategic plan. Attachment 1 to the response sets out South Central Bell's strategies for each of its lines of business in terms of pricing, service deployment, customer service, and network improvement.

Item 13 requests workpapers showing calculations supporting adjustments to test period revenue, expense, investment and reserve accounts to arrive at normalized levels used in determining revenue requirements. Pages 7-11 of the attachment provides BellSouth Advertising and Publishing Corporation ("BAPCO") financial information used in calculating the directory revenue imputation required by the Commission under the current incentive regulation plan. BAPCO, an affiliate of South Central Bell, publishes yellow page directories.

Item 68 requests copies of market studies or memoranda on marketing plans for each non-basic service listed in Schedule 1 of South Central Bell's Price Regulation Plan. The marketing plans provided in Attachments 1-5 in response to this request relate to a variety of South Central Bell's products and services.

The information sought to be protected is not known outside South Central Bell and is not disseminated within South Central Bell except to those employees who have a legitimate business need to know and act upon the information. South Central Bell seeks to preserve and protect the confidentiality of the information through all appropriate means.

KRS 61.872(1) requires information filed with the Commission to be available for public inspection unless specifically exempted by statute. Exemptions from this requirement are provided in KRS 61.878(1). That section of the statute exempts 11 categories of information. One category exempted in subparagraph (c) of that section is commercial information confidentially disclosed to the Commission. To qualify for that exemption, it must be established that disclosure of the information is likely to cause substantial competitive harm to the party from whom the information was obtained. To satisfy this test, the party claiming confidentiality must demonstrate actual competition and a likelihood of substantial competitive injury if the information is disclosed. Competitive injury occurs when disclosure of the information gives competitors an unfair business advantage.

South Central Bell's competitors consist of inter-exchange carriers, competitive access providers, customer-owned coin-operated telephone companies, and others. The financial projections provided in the attachments to Item 10 would provide such competitors with South Central Bell's projections of revenue and expenses associated with its operations in this state which such competitors could use in devising competing marketing strategies. Therefore, the information should be protected as confidential.

Similarly, South Central Bell's strategic plan would provide competitors with South Central Bell's marketing strategies. Competitors could use this information in developing competing

market strategies and the information should be protected as confidential.

The financial information used in calculating the directory revenue information found in pages 7-9 of the attachment to South Central Bell's response to Item 13 would provide competitors of BAPCO, South Central Bell's affiliate, with valuable information pertaining to its publication of yellow page directories. The yellow page business and the directory publishing business in general are highly competitive businesses and the information contained in the response about BAPCO's results of operations would assist its competitors in devising competing strategies. Therefore, the information should be protected as confidential.

The market studies or memoranda on marketing plans for each non-basic service provided by South Central Bell in response to Item 68 reveal information regarding marketing strategy, competitive analysis and market opportunities, sales channels, pricing strategies, and revenue and expense trends for a variety of South Central Bell's products and services. Competitors of South Central Bell who provide these services include competing telephone directory publishers, competitive access providers, and customer premises equipment providers whose equipment can perform similar functions to many of South Central Bell's network services. Disclosure of the information to such competitors would provide them with insight into the potential revenue expected by South Central Bell from these services as well as pinpointing the most lucrative market segments. Therefore, disclosure of the

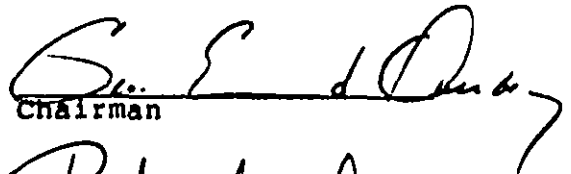
information is likely to cause South Central Bell competitive injury and the information should be protected as confidential.

This Commission being otherwise sufficiently advised,

IT IS ORDERED that Item 10, Attachments 1 thru 4, Item 11, Attachment 1, Item 13, Attachment 1, pages 7-11, and Item 68, Attachments 1-5, of the Commission's Order of May 11, 1994, which South Central Bell has petitioned be withheld from public disclosure, shall be held and retained by this Commission as confidential and shall not be open for public inspection.

Done at Frankfort, Kentucky, this 23rd day of June, 1994.

PUBLIC SERVICE COMMISSION

  
Chairman

  
Vice Chairman

  
Commissioner

ATTEST:

  
Executive Director